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INSTRUCTIONS FOR FILING CLAIM FOR PROPERTY TAX EXEMPTION UNDER THE WELFARE EXEMPTION PROVISIONS

FILING OF CLAIM

Claims for the welfare exemption must be signed and filed in duplicate **with the Assessor**. Each copy of the claim must contain supporting documents **including financial statements**.

An officer or duly authorized representative of the organization **owning** the property must sign the claim. An officer or duly authorized representative of the organization **operating** the property must sign and file a separate claim. If an organization both owns and operates the property, only one claim need be signed and filed in duplicate with the Assessor.

The Assessor will supply claim forms in triplicate upon request. Additional Section Bs or complete sets will be mailed upon request. A copy of the claim should be retained by the organization. It is recommended that the retained copy be submitted to the Assessor for acknowledgment of filing by entry of the date and the Assessor's or the designee's signature. This copy will serve as a record of filing should there be any later question relative thereto.

TIME FOR FILING

To receive the full exemption the claimant must **file a claim each year on or before February 15**. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between February 16 of the current year and January 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. In no case, however, is the tax, penalty, and interest for a given year to exceed \$250.

FISCAL YEAR

The fiscal year for which exemption is sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., January 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in February 2000 would enter "2000–2001" on line four of the claim; a "1999–2000" entry on a claim filed in February 2000 would signify that a late claim was being filed for the preceding fiscal year.

PREPARATION OF CLAIM

If the owner and operator of the property are not the same, each must execute a separate claim and give the information requested in Sections A and B. **All questions must be answered**. Failure to answer all questions may result in denial of your claim. Leave no blanks; use "no," "none," or "not applicable" where needed.

SECTION A. INFORMATION ON THE ORGANIZATION

The Constitution and statutes of the State of California require that the owner, and also the operator if other than the owner, meet certain requirements. In responding to the questions set forth under Section A of the claim, the details and activities of the organization since January 1 of the prior year should be considered and not the details of any property owned or operated by the organization.

- Lines 1 and 2. An organization filing for the first time **must** attach **two certified copies** of the Articles of Incorporation or comparable instrument for unincorporated organizations, together with all amendments and revisions thereto. After the first filing, only subsequent amendments or revisions to the articles or comparable instrument need be submitted. Approval of your claim for welfare exemption cannot be given without having proper documents on file in the Assessor's Office.
- Line 3. State briefly **all of the activities** in which the organization is currently engaged since January 1 of the prior year. **Do not copy a statement of purposes from the articles of incorporation or comparable instrument**. List the primary activity first.
- Line 4. If answer is yes, list the type of obligations (such as bonds, notes, etc.), the amounts of the obligations, the payment terms, and names of creditors. Use a separate schedule if necessary.
- Line 5. In submitting the financial statements (balance sheet and operating statement) of the organization required under Section A, the complete financial transactions of the organization should be included. If the nature of any item of income or disbursement is not clear from the account name, further explanation indicating the nature of the account should be appended. **Your claim will not be processed until the financial statements are received by the Assessor.**
- Line 6. An organization filing for the first time **must** attach **two copies** of the letter evidencing the exemption from state franchise or income tax or **two copies** of the letter evidencing the exemption from federal income tax. **If the letter provided has subsequently been revoked, attach two copies of the letter stating that fact.**
- Line 7. If answer is yes, provide the documents and other information requested.
- Line 8. Give title of position (do not list names of position holders) and weekly or annual salary, commissions, or percentage payments.
- Line 9. (a) Year filed is the year in which the claim was submitted to the Assessor.
 (b) List all counties in which organization filed for year indicated in (a).
 (c) Give exact name under which organization filed for year indicated in (a).

SECTION B. INFORMATION CONCERNING THE PROPERTY

Section B is for submitting the necessary information relative to each property for which exemption is sought. *A separate Section B must be completed and filed for each property for which exemption is sought, and the information furnished must be restricted to the particular property.* Give exact name of organization, address of this property, and county of location.

The operating statement required under Section B should be restricted to the financial transactions relating to the operation of the subject property. The income should include only those receipts that result from the operation of the property and should not include receipts from invested funds, gifts, or other items that do not result directly from the operation of the property.

The expenditures should be the expenditures resulting from the operation of the property. Any expenses of the organization or expenses extraneous to the operating unit should not be included in Section B. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. *The claim may be denied for lack of an operating statement; it must accompany the claim.*

The term *property* as used here means any operating unit of property consisting of one parcel or several contiguous parcels for which exemption is sought even though there may be several improvements and separate buildings thereon. All personal property for which exemption is sought should also be listed. If more than one Section B is filed, each Section B should be numbered for convenient reference.

- Line 1. Enter the legal description or map book, page, and *parcel number*. Use additional sheets if necessary. Line 1A: Indicate the area and the unit of measurement used. Line 1B: List the primary use which should qualify the property for exemption. Line 1C: List incidental use or uses of the property since January 1 of the prior year.
- Line 2. List all buildings and improvements on the land. Use additional sheets if necessary. Describe as stucco, concrete and steel, brick, wood, etc. Line 2A: List the **primary use**. Line 2B: List incidental use or uses of the property since January 1 of the prior year.
- Line 3. List the personal property. Line 3A: List the primary use. Line 3B: List incidental use or uses since January 1 of the prior year.
- Line 4. If the owner and operator of any portion of the property are not the same, **both must file a claim**, and each must meet all of the requirements to obtain the exemption.
- Line 5. (a) Copies of leases or agreements must be submitted if answer is yes. If the leases or other agreements have been filed in prior years, it is only necessary to attach copies of subsequent extensions, modifications, and changes.
(b) If the answer is yes, provide the names and addresses of the lessors and consignors and list the quantity and description of the property on the reverse side of Section B.
- Line 6. If the answer is yes, describe the portion of the property used for living quarters. Submit documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers. Include statement why such housing is incidental to and reasonably necessary for the exempt purpose of the organization. List other uses of property if the housing is also used for purposes other than daily living. (This question is not applicable where the exempt activity is providing housing, for example, homes for aged, youth, mentally or physically disabled.)
- Line 7. If the answer is yes, describe in sufficient detail to determine the volume of business and the hours open for business since January 1 of the prior year. If a business operation located on the listed parcel has been **deliberately omitted** because you do not desire the exemption on the business, so state.
- Line 8. If the answer is yes, describe the type of investment contemplated and the reasons that make such expansion necessary.

ADDITIONAL INFORMATION

Upon request, the owner and the operator must furnish additional information to the Assessor. All claims are reviewed by the Board of Equalization. Both the Assessor and the Board of Equalization may institute an audit or verification of the operations of the owner and of the operator and may request additional information from the claimant.

RECORDATION REQUIREMENT

As a prerequisite to the allowance of the welfare exemption with respect to taxes on **real property**, section 261 of the Revenue and Taxation Code requires the interest in the property of the organization seeking the exemption **must be of record** as of 12:01 a.m., January 1 in the office of the recorder of the county in which the property is located. A claimant which on the lien date has a **possessory interest in publicly owned land, owns water rights, or owns improvements on land owned by another** may in lieu of recordation file a copy of the document giving rise to that possessory interest or water rights or file a written statement attesting to the separate ownership of those improvements with the Assessor. Failure to establish the fact of such recordation to the Assessor constitutes a **waiver** of the exemption.